NEWS RELEASE

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BLM Oil and Gas Lease Sale Nets over $28 Million

Santa Fe—A quarterly oil and gas lease sale administered by the Bureau of Land Management brought in $28,093,435 in revenue today from 105 federal leases sold in New Mexico, Oklahoma and Texas. In New Mexico, 68 parcels netted $27,105,635.50 in revenue; in Oklahoma, 21 parcels brought in $362,606, and in Texas 16 parcels netted $625,193.50. The total includes bonus bids, administrative fees and 1st year rentals for the leases.

"Interest in federal lease sales remains very high," said Linda Rundell, the BLM's New Mexico State Director. "One hundred and five of the 110 parcels offered received bids in today's sale." Half of the revenues from these lease sales are returned to the U.S. Treasury, Rundell noted, and half go to the state where the mineral lease occurs. New Mexico will receive just over $13.5 million from today's sale.

A breakdown of parcels, acreages and bonus bids by State are as follows:

NM	68 parcels sold	50,469.60 acres	$27,024,811 in bonuses
OK	21 parcels sold	23,255.66 acres	326,138 in bonuses
TX	16 parcels sold	7,948.30 acres	612,064 in bonuses

The highest bid per parcel was paid by Chalfant Properties Inc., of Midland, TX, who paid $1,250 per acre for 1,278.80 acres in Chaves County, NM, for a total of $1,598,750. The highest bid per acre was paid by Marbob Energy Corp., of Artesia, NM, who paid $2,900 per acre for a 200-acre parcel in Lea County, New Mexico, for a total of $580,000.

Oil and gas leases are awarded for a period of 10 years and so long thereafter as there is production in paying quantities. The government receives 12-1/2 percent royalties on production on the leases. The five parcels not receiving a bid are available for a noncompetitive filing at the BLM's Information Access Center, 1474 Rodeo Rd., Santa Fe, New Mexico.

The next federal oil and gas lease sale for parcels in New Mexico, Oklahoma, Texas and Kansas is scheduled for Wednesday, January 18, 2006, in Santa Fe.

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In Fiscal Year 2004, New Mexico received almost a million dollars a day as its share of mineral revenues (including royalties from producing leases) from federal public lands and fluid minerals in the state. “This could rise to $500 million or more for 2005 and beyond due to today’s high prices for oil and natural gas. As such, energy production represents a significant contribution to state programs that benefit all New Mexicans,” Rundell added.

The Mineral Leasing Act of 1920 and the 1987 Federal Onshore Oil and Gas Leasing Reform Act authorize leasing of Federal oil and gas resources. The 1987 law requires each BLM state office to conduct oil and gas lease sales on at least a quarterly basis. BLM lease sales are competitive and conducted by oral bidding.

The BLM carries out its mission under the Federal Land Policy and Management Act, which directs the agency to manage the public lands for multiple uses while protecting natural, historical, and other resources of these lands. Environmentally sound production of domestic energy from fossil and renewable resources is an important part of the BLM’s multiple-use mission, and energy from Federally managed sources accounts for more than 30 percent of America’s energy production.

Government estimates indicate that Federal lands contain about 68 percent of all undiscovered U.S. oil and 74 percent of undiscovered natural gas. A detailed oil and gas inventory by the Interior and Energy Departments found that Federal lands in five key Western geologic basins – located in Montana, Wyoming, Utah, Colorado, and New Mexico – contain nearly 140 trillion cubic feet of natural gas. That is enough natural gas to supply the 56 million homes now using natural gas for the next 30 years.

The BLM, an agency of the U.S. Department of the Interior, manages more land – 261 million surface acres – than any other Federal agency. Most of this land is in 12 Western states, including Alaska. The Bureau also administers 700 million acres of subsurface mineral estate throughout the nation.